



POLICY AND RESOURCES COMMITTEE

Wednesday, 11 November 2020

REPORT TITLE:	COUNCIL TAX 2021/22 <u>(TAX BASE, DISCOUNTS AND EXEMPTIONS AND LOCAL COUNCIL TAX REDUCTION SCHEME)</u>
REPORT OF:	DIRECTOR OF RESOURCES

REPORT SUMMARY

This report brings together related issues regarding the proposed Council Tax Base for 2021/22 upon which the annual billing and Council Tax levels will be set; the proposed Council Tax Discounts including Local Discounts, exemptions for 2021/22 and the Local Council Tax Reduction Scheme to be used during 2021/22. These need to be approved by Council by 31 January 2021.

The matter affects all Wards within the Borough.

This is a key decision.

RECOMMENDATIONS

That the Policy & Resources Committee be requested to recommend to Council the following:

- 1 The figure of 94,198.6 be approved as the Council Tax Base for 2021/22 subject to the items below being approved;
- 2 The level and award of each local discount for 2021/22 be:-

Wirral Women's & Children's Aid

To continue to award Wirral Women & Children's Aid 100% discount. This remains unchanged from 2020/21.

Care Leaver's Discount

To award Care Leavers the requisite discount to reduce their Council Tax liability to zero until they are 25. This remains unchanged from 2020/21.

Empty Property Discounts

Discount category D = 0% Full charge on properties undergoing renovations.

Discount category C = 0% Full charge on empty properties from date they become unoccupied.

Both remain unchanged from 2020/21.

Empty Property Premium = 100% (200% Council Tax) for unfurnished properties empty for more than two years. 200% (300% Council Tax) for unfurnished properties empty more than five years. 300% (400% Council Tax) for unfurnished properties empty more than ten years.

Council Tax Discretionary Hardship Relief Scheme

The Council Tax Discretionary Hardship Relief Scheme, approved by Cabinet in October 2013, continues in its current format for 2021/2022. The Scheme offers help and assistance in exceptional cases of hardship.

3. Local Council Tax Reduction Scheme (LCTRS)

The Local Council Tax Reduction Scheme, be the approved Scheme for 2021/2022. This remains unchanged from 2020/21 apart from the following:

- a. Where an entitlement to the Care Leaver Discount/Exemption has ceased, Local Council Tax Reduction to be awarded without the need for a further application where their eligibility is known.
- b. The scheme is aligned to all of the DWP's upratings and changes for Housing Benefit and Universal Credit

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The Council must agree the Council Tax Base for 2021/22 by 31 January 2021.
- 1.2. The Council must decide on the level of Local Discounts and Exemptions by 31 January 2021.
- 1.3 The Council must determine annually the Local Council Tax Reduction Scheme.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 In respect of the Council Tax Base this has to be set by 31 January each year and there are no other options.
- 2.2. The Local Discounts, Exemptions and the Local Council Tax Reduction Scheme are reviewed annually and could be amended which will have a financial impact for the authority as set out in this report.

3.0 BACKGROUND INFORMATION

- 3.1 The Council has a statutory duty to take decisions each year regarding the administration of Council Tax which must be agreed by Council by the 31st January each year.
- 3.2 The Authority is required to annually determine its Council Tax Base in order to determine the appropriate levels for Wirral, the Preceptor Authorities (Police & Crime Commissioner and Fire & Rescue Services) and the Environment Agency (Flood Defence). The Council Tax Base has a direct impact on the Council Tax that will be levied for Wirral for 2021/22.
- 3.3 The Council Tax Base must be agreed by 31 January 2021 and will be used to calculate the Council Tax charges for 2021/22.
- 3.4 The Tax Base calculation process is as follows;
 - Calculate the number of properties at 14th September 2020 and adjust for changes due to demolitions and new builds up to 31st March 2022 which are then converted to a full year Band D equivalent. Adjust at the 5th October for discounts, exemptions and disabled relief and add any changes expected over the year reflecting the Local Council Tax Reduction Scheme and changes to empty property discounts and premiums.

- Convert the number of “discounted” dwellings in each Council Tax Band to Band D equivalent;
- Adjust the total number of Band D equivalents by the estimated Council Tax collection rate for the year. The amended calculation is as below and will be utilised in calculating the Council Tax charge for 2020/21.

3.5 Forecast properties per Council Tax band within Wirral as at October 2020:-

Table 1: Wirral Council Tax Bandings Forecast

Band	Value (£)	Properties 2020	Change	Properties 2021	Band %	Ratio
A	<40,000	60,270	293	60,563	40.30	6/9
B	40,001-52,000	32,505	121	32,626	21.71	7/9
C	52,001-68,000	27,484	22	27,506	18.30	8/9
D	68,001-88,000	13,402	35	13,437	8.95	9/9
E	88,001-120,000	8,266	112	8,378	5.58	11/9
F	120,001-160,000	4,325	1	4,326	2.88	13/9
G	160,001-320,000	3,155	1	3,156	2.10	15/9
H	>320,000	273	1	274	0.18	18/9
Total		149,680	586	150,266	100.00	

- 3.6 The properties are converted to the Band D equivalent and adjusted for the Local Council Tax Reduction Scheme and other Council Tax Discount, Exemptions and Disabled Relief and adjusted by the Collection Rate to give the Council Tax Base.

Table 2: Wirral Council Tax Band D calculation 2021/22

Band	Properties 2021	Changes due to LCTRS discounts, exemptions	Revised property equivalent	Ratio to Band D	Net Band D equivalent
A	60,563	(24,896.3)	35,666.7	6/9	23,778
B	32,626	(7,413.6)	25,212.4	7/9	19,610
C	27,506	(4,057.2)	23,448.8	8/9	20,843
D	13,437	(1,542.0)	11,895.0	9/9	11,895
E	8,378	(757.3)	7,620.7	11/9	9,314
F	4,326	(324.4)	4001.6	13/9	5,780
G	3,156	(225.8)	2,930.2	15/9	4,884
H	274	(37.5)	236.5	18/9	474
Band A Disabled		(4.3)	64.7	5/9	36
Total	150,266	-39,258.4	111,076.6		96,614
Collection Rate					x 97.50%
Adjusted Council Tax Base					94,198.6

- 3.7 The Collection Rate takes into consideration previous experience and current collection rates. An exercise has taken place analysing previous year's collection rates and it would be prudent to apply a collection rate of 97.50%. This has been reflected in the setting of the Council Tax Base.
- 3.8 The Collection Rate is the rate that best reflects collection over more than just the current year and will therefore take longer than the financial year to achieve. All previous year collections have met or exceeded projections and this rate should be achieved for 2021/22.
- 3.9 The recommended figure for 2021/22 is 94,198.65. Compared to the 2020/21 figure of 93,965.9. This is an increase of 232.7. Despite this increase, the Council Tax Base has been adversely affected by the Covid 19 crisis. Since the start of the financial year the number of households claiming Council Tax Support has increased by 1,000. The amount of expenditure has also increased by £1m. This is the equivalent of 527 Band D properties.
- 3.10 The level of Council Tax is confirmed at Budget Council which for 2021/22 is scheduled for 1st March 2021.

COUNCIL TAX LOCAL DISCOUNTS & EXEMPTIONS 2021/22

- 3.11 Local Discounts and Exemptions are subject to an annual review and impact directly upon the Council Tax income being fully met by the Council. From 1 April 2013 the Council adopted 0% discount levels for empty properties and properties undergoing construction, where previously they had been exempt for 6 and 12 months respectively thus receiving a 100% discount. This report reviews these reduced discounts and increased charges and also the current levels of specific local discounts. Any amendment or granting of discount agreed as part of this report will come into force from 1 April 2021.
- 3.12. Local Discounts can be granted under Section 13a of the Local Government Act 1992. The Local Government Finance Act 2012 introduced changes in national Council Tax discounts and exemptions. These were considered and adopted for 2013/14 by Cabinet on 24 January 2013 and cover the level of discount awarded on empty properties and the premium charged on long term empties. Wirral chose to maximise the amount payable in each category and must review its charges each year.

A LOCAL DISCOUNTS - LOCAL GOVERNMENT ACT 1992

- 3.13 Local Discounts, as used by Wirral, are granted under Section 13a of the Local Government Act 1992 and reviewed annually. Amounts detailed below.

Table 3: Local Government Act 1992 Local Discounts in Wirral

	£
Wirral Women & Children's Aid	4,500
Council Tax Discretionary Relief (Hardship)	50,000
Care Leaver's Discount	111,500
Total	166,000

Wirral Women & Children's Aid

- 3.14 Cabinet on 22 July 2004 awarded a local discount to Wirral Women's and Children's Aid, the discount leaving no Council Tax to pay, on the basis of the valuable work undertaken at the premises. The circumstances have remained unaltered and the cost of the award is currently £4,500. A decision is required as to whether this discount continues for 2021/22.

Council Tax Discretionary Hardship Relief

- 3.15 Regulations allow that a discount can be granted to an individual in a case of extreme hardship, covered by the Council's Council Tax Discretionary Relief policy (minute 71, 10 October 2013) or alternatively a discount can be granted to all empty properties within a specific area, such as a clearance area. This can give more flexibility to the Council which has to fund any locally defined discounts. A decision is required as to whether Council Tax Discretionary Hardship Relief continues in its current format for 2021/20.

Care Leaver's Discount

- 3.16 A local discount is currently awarded to Care Leavers removing the requirement to pay Council Tax from Care Leavers until they become 25. The discount is awarded after all other reliefs and discounts have been granted and recognises the financial burden that leaving care can cause. This remains unaltered from last year and the cost of the award is currently £ 111,500. A decision is required as to whether this discount this discount continues for 2021/22.

B DISCOUNTS & EXEMPTIONS - LOCAL GOVERNMENT ACT 2012

- 3.17 The Local Government Finance Act 2012 introduced changes in national Council Tax discounts and exemptions which gave Local Authorities local discretion on discount levels. These were considered and adopted by Cabinet on 24 January 2013 (minute 166) for the 2013/14 financial year and have continued in subsequent years. Wirral chose to maximise the charges it raises by minimising the discount awarded, i.e. 0%.

Table 4: Local Government Act 2012 Empty Property Discounts

Income from minimising discounts	£
Empty properties –unoccupied/renovation (Discount C+D) = 0%	2,600,000
Empty property – premium of 100% (Council Tax charge 200%)	620,000
Empty property – premium of 200% (Council Tax charge 300%)	360,000
Empty property – premium of 300% (Council Tax charge 400%)	435,000
Total	4,015,000

Empty Properties Discount

- 3.18 The changes allowed by the 2012 Act covered charges made against empty property and second homes. In broad terms this removed the exempt classifications A and C and allowed Councils to define their own level of discounts re-categorising them as discounts C and D. The Regulations also allowed Councils to apply a premium on

properties that had been empty for more than two years and from 2020 those empty for over 5 years and from 2021 those empty over 10 years.

- 3.19 The Council chose to award 0% discount (Discount D) – full charge - on properties undergoing renovations which were previously entitled to a 12 month exemption, or 100% discount.
- 3.20 The Council chose to similarly award a 0% discount (Discount C) – full charge - on empty properties that had previously been exempt for the first six months that they were empty, or 100% discount.
- 3.21 The Council has previously chosen to use its powers to date to charge the maximum amount its powers to charge the maximum amount of Premium on properties that had been empty for more than two years which is 100% (200% of the Council Tax payable) and for properties that have been empty for more than 5 years which is 200% premium (300% of the Council Tax). Its is recommended that this premium is also used for properties which have been empty for over 10 year which would be 300% (400% of the Council Tax). The aim is to encourage prompt property re-occupation and discourage properties being held empty by speculators waiting for an increase in values. To remove the Premiums would cost £1,415,000 in lost potential Council Tax income.

C LOCAL COUNCIL TAX REDUCTION SCHEME

- 3.22 Central Government abolished Council Tax Benefit (CTB) on 31 March 2013 and tasked each administering Council to formulate an individual Local Scheme to replace it. At the same time Central Government reduced the grant they awarded to Councils for CTB by 10%. The Government also stated that any Local Council Tax Reduction Scheme devised should leave pensioners no worse off than they were under the 2012/13 CTB scheme. The option was also given to define vulnerable groups and offer the groups the same level of protection as pensioners. Wirral designated persons classed as disabled or with disabled children as vulnerable in 2013/14. The Scheme must be approved by each year prior to the year it will be applied.
- 3.23 Having regard to the financial pressures the Council resolved, on 28 January 2013, that it could not find funding from its existing budgets to make up the shortfall caused by the governments changes and decided to pass on the reduction to Local Council Tax Reduction Scheme recipients that resulted in non-vulnerable working age claimants paying a minimum of 22% of the Council Tax charge.
- 3.24 Cabinet agreed on the 4th November 2019 that this minimum amount be reduced from 22% to 12%. This has helped some of the poorest households in the borough.
- 3.25 The Scheme, its impacts and costs are continually monitored and need to be annually reviewed and approved prior to the year it will be applied.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The Council Tax Base is used to calculate Council Tax levels for 2021/22. Failure to comply with timescales could delay Council Tax bills with the potential to affect

collection and cash-flow. On the assumption that the levels of support under the Local Council Tax Reduction Scheme and the Discounts and Exemptions are adopted the Council Base will be increased by 232 Band D equivalents.

- 4.2. For Local Discounts variations to the discount levels will either generate additional or less income. The cost of local discounts is met in full by the Council and do not impact upon the Council Tax Base. Any saving to the Council will result in an increase in the amount payable by the charge payer.

Table 6: Local Government Act 1992 Local Discounts

	£
Wirral Women & Children's Aid	4,500
Council Tax Discretionary Relief (Hardship)	50,000
Care Leaver's Discount	111,500
Total	166,000

Table 7: Local Government Act 2012 Empty Property Discounts/ Charges

Income from minimising discounts	£
Empty properties –unoccupied/renovation (Discount C+D) = 0%	2,600,000
Empty property – premium of 100% (200% Council Tax)	620,000
Empty property -premium of 200% (300% Council Tax)	360,000
Empty property -premium of 300% (400% Council Tax)	435,000
Total	4,015,000

5.0 LEGAL IMPLICATIONS

- 5.1 The legislation requiring this calculation is the Local Authorities (Calculation of Council Tax Base) Regulations 1992. This requires the Authority to declare, by means of Council resolution, the Tax Base it will use to calculate the tax level and this resolution must be no later than 31 January in the year preceding the tax

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no IT, asset or specific staffing implications arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 If the Council Tax Base figure is not declared by 31 January 2021 the Council and Preceptor Authorities will be unable to make considered budgetary decisions that could delay the Council Tax bills and income streams for 2021/22.
- 7.2. In respect of Local Discounts and Exemptions the changes made to domestic empty property charges are expected to generate over £4,015,000 of additional Council Tax charges. Any changes to the current level of discounts or reduction to the Empty Premium would see a reduction in Council Tax raised and the income lost would have to be replaced by an alternative income stream.

- 7.3 The Local Council Tax Reduction Scheme provides vital support to low income families across the Borough. A scheme needs to be approved annually as part of the budget setting process.
- 7.4 As always, the Council Tax Base is calculated in October. This year, due to the Covid 19 crisis, there is potential for the number of households claiming Local Council Tax Reduction to increase during the remainder of the year. Although the risk of there being increased discounts has always existed it is much higher this year due to economic uncertainty over the coming months.
- 7.5 The on-going effect of the Covid 19 crisis is still unknown in terms of the number of people who will continue to be eligible for Council Tax Support during both the current and the future financial year remains unclear at this time.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 No consultation is required in the calculation of the Tax Base. The Discount and Exemptions are proposed to be maintained at the previous year's level and no direct consultation has been undertaken on discount levels. The level of changes for discounts and exemptions were consulted upon in 2012/13 and no specific consultation has been undertaken as they are not proposed to be changed. A consultation did take place last year on the changes to the Council Tax Reduction Scheme but the numbers who took part in the consultation were not sufficient for any meaningful data to be reported. However, there were no adverse comments.

9.0 EQUALITY IMPLICATIONS

- 9.1 There is no requirement for an Equality Impact Assessment. The link to the Equality Impact Assessment for the Local Council Tax Reduction Scheme from 2019 when it was changed is below.

<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2017/delivery>

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 There will be no measurable environmental impact.

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APPENDICES

None

BACKGROUND PAPERS

Department for Communities and Local Government; - Council Tax (CTB1) form and accompanying documentation.

Local Government Finance Act 1992, 2003 and 2012.

Valuation Office Agency - Valuation List.

Welfare Reform Act 2012.

Council Tax Reduction Scheme (Default Scheme) (England) Regulations 2012.

Rating (Property in Common Occupation) & Council Tax (Empty Dwellings) Act 2018

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	27 November 2017
Cabinet	26 November 2018
Cabinet	5 November 2019